United Nations A/60/7/Add.21

General Assembly

Distr.: General
12 December 2005

Original: English

Sixtieth session
Agenda item 124
Proposed programme budget for the biennium 2006-2007

Construction of additional office facilities at the Economic Commission for Africa in Addis Ababa

Twenty-second report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the construction of additional office facilities at the Economic Commission for Africa (ECA) in Addis Ababa (A/60/532). During its consideration of the report, the Committee met with representatives of the Secretary-General who provided additional information and clarification.

2. The report of the Secretary-General was submitted pursuant to the request in General Assembly resolution 56/270 of 27 March 2002 that the Secretary-General report on an annual basis on progress made in the construction of additional office facilities at ECA. The Committee notes that the report, besides information on progress made, contains an update on actions taken to implement the project since the Secretary-General's previous report (A/59/444), information on the final cost estimates submitted by the design consultants and an update of the analysis of office space requirements for the ECA secretariat and the agencies, funds, programmes and other entities of the United Nations system located in Addis Ababa, along with recommendations to address the problem of office space shortage at ECA.

3. In its previous report on this matter (A/59/572), the Committee referred to the allocation of additional land by the host Government, which increased the area of the complex from the initial 21,066 square metres to 27,260 square metres, as well as to the repositioning of the new building, re-routing of public roads and closure of parking lots, thus allowing the ECA compound to be enclosed within secure boundaries. The Committee also referred to the reported delays in the original implementation schedule (see A/56/672), resulting from the need to rebid the design component of the project and to negotiate with the host country on measures required to mitigate security risks in compliance with the minimum operating security standards guidelines. The revised schedule provided to the Committee at

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the time indicated that construction would start in June 2005 and be completed by May 2007, that is 20 months after the original targeted date.

4. Paragraphs 6 and 7 of the Secretary-General's report (A/60/532), describe how, during the course of the redesign exercise, further geotechnical testing was carried out, the results of which made evident the need for reinforcement of the building foundation in the new site, leading to the subsequent revision of the overall design and structure. The revised final construction drawings and technical specifications were completed by the architects and submitted for review to the United Nations on 12 September 2005. The Committee notes that the revised plan not only incorporates the structure and foundation requirements resulting from the geotechnical study, but also incorporates the revised security and safety design features in the light of the above-mentioned security guidelines, maximizes the ratio of office space to common space (as recommended by the Advisory Committee in its report A/56/711) and aligns the use of office space with that developed in the context of the capital master plan (8.57 square metres per staff member instead of the previous standard of 9.11 square metres) (see also A/60/532, para. 9). Moreover, the new building plan could accommodate 422 staff, instead of the 380 estimated in the initial report of the Secretary-General (A/56/672).

5. In this connection, the report of the Secretary-General indicates that, pursuant to the recommendation of the Committee (A/59/572, para. 10) endorsed by the General Assembly in its decision 59/555, ECA conducted a survey to determine the space requirements of agencies, funds and programmes located outside the ECA compound but interested in relocating to the compound. The survey showed that 270 staff from outside locations would have to be accommodated within the complex, compared to the initially estimated number of 159 (A/60/532, table 1). **Consistent with its previous recommendation, the Committee trusts that priority-oriented planning will be used to determine the actual allocation of space.**

6. The report also provides an update of the total number of staff requiring office space, which amounted to 574 (compared to the original 380 staff projected in 2001), including provision for swing space and for 20 per cent marginal growth expected over the next 10 to 15 years (ibid., table 2). Taking into account the possibility of accommodating 422 staff in the revised plan (see para. 4 above), there is a shortage of office space for 152 staff. The Secretary-General is therefore proposing to expand the building by two additional floors (for a total additional space of 2,780 square metres, which could accommodate 188 additional staff). This would expand the building to a total of 9,550 square metres and allow accommodation for 610 staff (422 on the original four floors and 188 on the additional two floors). In addition, as the two additional floors would provide office space for organizations of the United Nations system located outside the complex, it is estimated that additional rental income of $295,000 a year would become available (A/60/532, para. 21). The Committee was informed that the rental rate of $106 per square metre per year was based on a survey conducted to see what was paid by agencies outside the compound; relocation to the ECA complex was therefore an attractive option because of the inclusion in the rental cost of utilities, conference services, security, catering, travel services and so on. **The Committee trusts that this rate will be kept under review, so that it remains realistic vis à vis commercial rates, and that arrangements with private entities will be limited to some provision of services to other occupants of the compound.**

7. The Committee requested clarification as to the status of office space of the United Nations Mission in Ethiopia and Eritrea, which is currently located outside the compound. The Committee was informed that, in view of uncertainties over the future of its mandate, the Mission had not requested to be included in the planned space allocation. However, if the Mission were to express the desire to be included within the compound when construction is completed, it would be accommodated within the planned swing space mentioned in paragraph 6 above.

8. The report provides a breakdown of the revised cost plan (A/60/532, table 3), which amounts to $8,992,700 (including the estimated provision for inflation and currency fluctuation), as compared to the initial budget of $7,711,800 approved by the General Assembly in its resolution 56/270. The additional costs of $3,671,500 are the sum of $1,280,900 for additional costs relating to the original project and $2,390,600 for the cost of the construction of the two additional floors mentioned in paragraph 6 above (see also A/60/532, para. 20). The Committee recalls that the ECA construction project was to be financed within the available balance of the construction-in-progress account, in accordance with General Assembly resolution 56/270. An amount of $7,711,800 has therefore already been committed to the ECA construction project.

9. The cost plan, however, does not include ECA requirements estimated at $417,300 for the access control systems or for the information and technology network and telephone equipment costs provisionally estimated at $1,100,000. These resources would, respectively, be included in the overall resource requirements for the access control project to be presented to the General Assembly during the resumed part of its sixtieth session and in the proposed programme budget for the biennium 2008-2009 under the section entitled "Construction, alteration, improvement and major maintenance".

10. In its previous report on the matter (A/59/572, para. 3), the Committee indicated, as informed at the time, that the addendum to the host country agreement was being finalized by the Government of Ethiopia and the Office of Legal Affairs. The Committee notes from paragraph 4 of the Secretary-General's report (A/60/532) that the addendum to the host country agreement has been finalized and a title deed reflecting the allocation of the additional land as a free leasehold has been submitted to the Office of Legal Affairs, though the signatures are still pending.

11. The Committee notes from paragraphs 10 and 22 that a shortlist of vendors is being drawn up and tender documents prepared. Moreover, according to the new project schedule, the bidding process and identification of a contractor could be finalized by March 2006, with construction starting in April 2006 for a completion date of February 2008. However, if construction of the two additional floors were to be approved, final completion would be envisaged for July 2008. **The Advisory Committee agrees that, should the General Assembly approve the proposal, it would be more cost-effective to schedule construction of the two additional floors at the same time as the construction in connection with the revised project.**

12. **The Committee recommends approval of the total estimated additional costs in the amount of $3,671,500, as indicated in paragraph 8 above, if the General Assembly authorizes the expansion of the new office building by two additional floors to a total capacity of 9,550 square metres. In this circumstance, the Committee also recommends a phased approach in financing**

further requirements related to the access control systems required or to the information and technology network and telephone equipment costs, as indicated in paragraph 9 above. The additional appropriation of $3,671,500 under section 32, Construction, alteration, improvement and major maintenance, of the proposed programme budget for the biennium 2006-2007 would be funded under the terms of resolution 42/211 governing the use and operation of the contingency fund.